

Memorandum

REPORT TO: City Commission

FROM: Jonathon O'Dougherty, Budget Analyst
Kaitlin Johnson, Budget Manager
Melissa Hodnett, Finance Director
Chuck Winn, City Manager

SUBJECT: Resolution Adopting the Fiscal Year 2026 Annual Operating Budget

MEETING DATE: June 10, 2025

AGENDA ITEM TYPE: Resolution

RECOMMENDATION: Consider the Motion: *I move to adopt the resolution approving the 2026 Annual Operating Budget as presented.*

STRATEGIC PLAN: 7.5. Funding and Delivery of City Services: Use equitable and sustainable sources of funding for appropriate City services, and deliver them in a lean and efficient manner.

BACKGROUND: Municipal budgets serve a number of important functions. In addition to laying out a spending plan for the City and allocating resources to meet the diverse needs of the community, Bozeman's budget:

- Is a principal policy and management tool for the City's administration, reflecting and defining the work program;
- Provides a framework for the City to accomplish its vision and strategic plan; and
- Reflects core City values of integrity, leadership, service, and teamwork.

The budget provides information about the City, along with information about the budget process, revenues, expenditures, and City programs and services. It is intended to provide an accessible, transparent way of learning about the City budget, while accurately showing how the City invests its resources.

On June 25, 2024, the Bozeman City Commission adopted the 2025 Biennium Budget for fiscal years 2025 (FY25) and 2026 (FY26). As a requirement of the State of Montana's Department of Administration, the City is required to submit an annual operating budget. The 2025 Biennium Budget and FY26 Recommended Annual Operating Budget are available on the City's [Budget and Financial Reports webpage](#). The FY26 Recommended Annual Operating Budget presented in this document is based on the second-year budget adopted in the 2025 Biennium Budget. Any

amendments to that original budget are detailed in the Reconciliation of 2025 Biennium Budget to FY26 Annual Operating Budget section of the document on page 69.

The proposed resolution adopts the FY26 Annual Operating Budget. The Recommended FY26 Annual Operating Budget includes \$230.0M in City-wide budget appropriations. Excluding transfers between funds, expenditures are estimated to be \$203.3M. A total of \$51.7M in budgeted capital outlay includes \$22.3M for street improvement and capacity expanding projects and \$15.5M for water and wastewater infrastructure. The budget includes a focus on City's performance of basic services and modernizing and improving the effectiveness of City government by adding capacity to existing departments through staffing and training.

UNRESOLVED ISSUES: None

ALTERNATIVES: Changes to the Recommended Annual Operating Budget can be adopted by motion.

FISCAL EFFECTS: The Montana Department of Revenue determines the assessed (taxable) value of individual properties annually, as outlined in MCA 15-8-111. For Fiscal Year 2026, the City of Bozeman's property tax rate is estimated to decrease by 1.1%, as measured per \$100,000 of taxable value. However, though the City's rate is declining, the taxable value of an individual property may increase.

Attachments:

[2026 Annual Operating Budget Resolution.docx](#)

Report compiled on: May 29, 2025